

Members Present:

Lung Chiu (*Chairman*)
Jim Rockett (*Vice-Chair*)
Nancy Handweg (*Committee Member*)
Marge Herzog (*Committee Member*)

Members Absent:

Bridget Subramanya (*Committee Member*)

Others Attending:

Councilman Ryan Liang (*Town Councilman - FAAC Liaison*)
Frank Spence, Town Manager
Holly Hugdahl, Finance Director
Cindy Corum, Assistant Town Clerk
Terry Morton, Auditor with Nowlen, Holt & Miner, P.A.

Members of the Public – Councilman Ron Jarriel, LGWCD Board Member John Ryan, Elise Ryan, Cheryl Miller, Doreen Baxter, Mr. Subramanya

1. Opening

Chairman Lung Chiu called the meeting to order at 7:05 pm

2. Roll Call

Roll call was taken by Town Manager Frank Spence and all members were present.

3. Approval of Agenda

MOTION: *Marge Herzog made a motion to accept the agenda; Nancy Handweg seconded the motion. Motion passed by voice vote 5-0.*

4. Presentations – Terry Morton, Auditor with Nowlen, Holt & Miner, P.A.

Mr. Morton handed out a Statement of Net Assets; Statement of Activities; Balance Sheet; Schedule of Revenues, Expenditures and Changes in Fund Balance for the fiscal year ended September 2009. He also handed out a list confirming Gas Tax Revenues paid to the Town by Florida Department of Revenue; and a Prior Period Adjustment sheet. These items are attached to these minutes. Mr. Morton went over each of these hand-outs in detail, answered questions and clarified some of the information for the Committee.

5. Approval of February 10, 2010 FAAC meeting minutes:

MOTION: *Nancy Handweg made a motion to accept the minutes; seconded by Marge Herzog. Motion passed 5-0.*

6. January Financials

Finance Director Holly Hugdahl said that all the expense adjustments had been posted and the re-classes were also made, but the revenues were not adjusted yet because she wanted to reduce the receivables by the items that got in late this year. She said next time she will do all the revenue adjustments at the same time so we will receive a nice clean balance sheet.

Vice Chair Rockett requested that changes, adjustments and re-classes be sent to the Town Manager when completed to be forwarded to him.

Mrs. Hugdahl also said that every three years the State audits various cities, and readjusts the Communication Services Tax, so that it is applied to the appropriate municipalities. If money is owed to a municipality, they spread it out over 36 months. She said that because Loxahatchee Groves is a new Town, they didn't have the Town on their rolls and this is why we now saw a \$102 thousand surplus check. But she explained that after 36 months, the payments would drop back down again. Mrs. Hugdahl also clarified some of the different Franchise Fees the Town receives. She spoke about setting up cost recovery in the balance sheets as separate accounts so we can see each applicant with an escrow account by name. Town Manager Frank Spence stated he is now charging the applicants for Town attorney time for all the billable hours the attorney has spent on their projects. He said this had never been done before with previous staff and those attorney costs had been absorbed by the taxpayers in error.

MOTION: Nancy Handweg made a motion to approve the November 2009 and December 2009 financials; seconded by Marge Herzog. Motion passed 5-0.

7. Gas Tax Fund Analysis

Holly Hugdahl explained the distinction between the 5 cent and 6 cent gas tax funds and the restrictions on how the two different funds can be used. She stated the 6 cent tax is a general fund which can be used for maintenance, road repairs, mowing etc. Mrs. Hugdahl went on to explain the allowed usage of the 5 cent gas tax. She stated it can be used for transportation expenditures only. 50% is allocated to "Transit" and 50% is allocated to "Transportation". She likened the 5 cent tax to a "bus". "Think mass transit – think bus," she said. It was agreed that these restrictions limit the Town's use of the funds as the Town has no mass transit system.

MOTION: Jim Rockett made a motion to recommend that Town Council ask Palm Beach County for a waiver in how the 5 cent tax can be used - as Loxahatchee Groves is unique from other municipalities in its needs. Motion was seconded by Nancy Handweg. Motion passed 5-0.

8. Active Town Contracts

Holly Hugdahl said it is very important the Town contracts be reviewed before the budget process, so that any changes can be implemented now and incorporated into the next year's budget. Elise Ryan said it would be a good idea to update the Contract Monitoring Spreadsheet and asked whose responsibility it is to create it. Mrs. Hugdahl stated she could put the spreadsheet together but she needed the basic current information from the Town before she could check on what the payment status and outstanding balances were. Jim Rockett stressed that the master list should be controlled by one person only. Nancy Handweg noted that a 'beginning effective date' should be added to the format.

9. Budget Adjustment Discussion

Vice Chair Jim Rockett questioned whether we should do a budget adjustment mid-year. Finance Director Holly Hugdahl said we may want to do a budget amendment in conjunction with doing the budget planning for the next fiscal year. She said she definitely would not do a budget amendment until at least six months out into the fiscal year. She said we may not need to do a budget amendment at all as we are not significantly overspending any line items. She said we have a 60 day time frame at year end to make any adjustments.

Jim Rockett had a concern Council had approved spending against our contingency fund when they approved the latest Okeechobee road study. Town Manager Frank Spence explained that those funds did not come out of the Contingency Fund, but came from the General Fund as there was approximately \$50K still unused which was originally allotted for the Comprehensive Plan. Elise Ryan suggested we have a process to keep track of the different unexpected expenditures that have been approved by Council.

Chairman Lung Chiu commented he felt it was very wrong for last minute expenditures to be approved which were not on the agenda, were not budgeted for, and were never sent out to RFP. He said it was bad practice and showed a lack of transparency. He said he was glad we now have a Finance Committee and new management to oversee these things. Chairman Chiu requested that the Finance Director put something in our Accounting Manual to this effect, which would help us to qualify what was being currently discussed. He also felt we should pre-qualify a few different firms to avoid the situation of constantly using the same firm again and again.

Vice Chair Rockett said that in the future when an expenditure item came before Council for recommendation, he would like to see an account assigned along with it so it was clear which line item the funds would come out of before approval. Mrs. Hugdahl said there were expenditures in the 511 Legislative account that should really fall under the 519 General Government account. She also recommended setting up an enterprise fund for sanitation, so all related expenses would be included and it would become a cost recovery fund. It was ultimately decided a budget amendment was not needed at this time.

10. Accounting Procedures Manual Update

Finance Director, Holly Hugdahl said she was making slight modifications to the Town's Accounting Policy and Procedures Manual, but recommended making no major changes for now. She stated she needed to make other significant changes first - before modifying the Town's Manual, which she did indeed plan to do in future.

11. Town Resolutions Associated with Finance

Town Manager, Frank Spence brought it to the Committee's attention that his Assistant Clerk had found an old Resolution authorizing the Town Manager to sign checks on behalf of the Town. Although checks required two Councilperson's signatures, the Resolution allowed for the Town Manager to sign alone. Mr. Spence recommended this Resolution (2007-008) be repealed.

12. Recommendation to Repeal Resolution 2007-008

MOTION: Jim Rockett made a motion to recommend repealing Resolution 2007-008 to Council, seconded by Nancy Handweg. Motion passed 5-0.

13. RFP for Banking Services

Finance Director, Holly Hugdahl recommended the Town go out to bid for banking services. She said she would write an RFP and bring it back at the next meeting.

14. Update on Donna Brosemer Debt

Mr. Spence stated he had filed charges with the Florida Ethics Commission against former lobbyist, Donna Brosemer pertaining to a \$2000 overpayment which she had refused to return. He said he still planned to file a small claims case. Nancy Handweg commented that she felt we were throwing good money after bad. Mr. Spence said he would be filing the lawsuit himself to keep costs down. John Ryan stated the cost of filing was minimal as we stood to recover \$2000.

15. Punch List Review

There was discussion about the format of the punch list and various Committee members recommended changes. One of the recommendations was to convert the list to an Excel Spreadsheet. Elise Ryan stated she would create the draft for Cindy.

New Business

Setting of Next Meeting Date and Time

The next meeting date was set for April 14, 2010 at 7pm, at Palms West Hospital.

Committee and Public Comments

Vice Chair Jim Rockett commented that he will no longer be joining the group as a Committee Member, when he took his seat as Councilman, but he still planned to attend the FAAC meetings as an observer. He stated he was very impressed with the Committee and what they have accomplished and that he felt the Town was very fortunate to have the service of the Committee volunteers.

Elise Ryan thanked Finance Director Holly Hugdahl and Auditor Terry Morton for coming to the meeting and clarifying the accounts. Nancy Handweg said she wanted to thank everyone she had served on the committee with and she felt the Town was in a much better place because of the Committee. She said she would still try to attend the meetings in future if her schedule allowed. Town Council Liaison, Councilman Ryan Liang said that at every meeting it seems we are discovering something that either saves the Town money or averts potential disaster and it's an amazing thing because every month we find something new. He said: As your liaison, it's a great thing to be part of and I just want to thank everybody.

New Business

None discussed.

Setting of New Meeting Date and Time

Next meeting was set for April 14, 2010 at 7:00pm at Palms West Hospital

MOTION: Motion to adjourn was made by Marge Herzog; seconded by Nancy Handweg.
Meeting adjourned at 9:15

ATTEST:


Cindy Lou Corum, Asst. Town Clerk


Lung Chiu, Chairman, FAAC Cmte

6-3-2010
Date Signed